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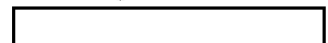
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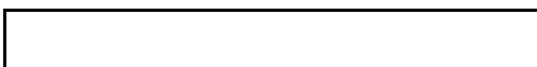
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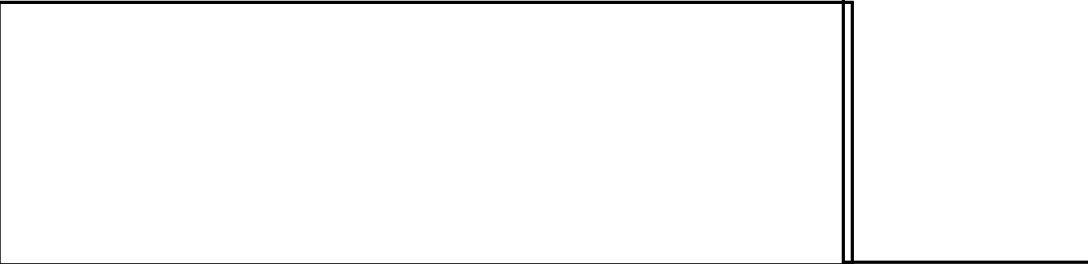
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ANGOLA

With the Organization of African Unity's emergency summit on Angola now less than two weeks off, the tempo of fighting in Angola is likely to pick up as each of the two rival regimes attempts to impress African leaders with its strength.

In northern Angola yesterday, the National Front for the Liberation of Angola withdrew from Camabatela after forces of the Popular Movement for the Liberation of Angola had bombarded the town with rockets for several days.

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In eastern Angola, heavy fighting is still taking place around Teixeira de Sousa, which the National Union for the Total Independence of Angola claimed it had captured last week with National Front forces.

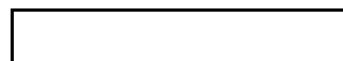
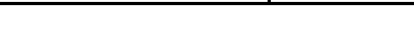
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Clashes between National Union and National Front troops under the command of Daniel Chipenda have spread to Lobito, Benguela, and Sa da Bandeira, The Popular Movement has become aware of the clashes, and it is now publicizing them in an effort to discredit the National Union - National Front alliance.

The Popular Movement is trying to create an impression of African nations banding together against the much publicized South African intervention on behalf of the National Front and National Union. A Movement military spokesman currently on a swing through Latin America seeking diplomatic support announced in Georgetown, Guyana, yesterday that Nigeria, Congo, and Guinea-Bissau are ready to send troops to Angola to support the Popular Movement.

It seems unlikely that either Nigeria or Congo plans any such involvement. Some troops from Guinea-Bissau, another former Portuguese territory, may already be fighting alongside the Popular Movement. Relations between the ruling party in Bissau and the Popular Movement have long been close.

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LEBANON

President Franjiah's confidant, Lucien Dahdah, has reportedly reached an agreement in principle with Damascus on settling the troubles in Lebanon. The problem of agreeing on specific reforms, however, will make it extremely difficult to reach a final accord.

According to Dahdah, the understanding allows for Franjiah to remain in office until his term ends next September and for formal meetings between Franjiah and Prime Minister Karami—as representatives of the country's Christian and Muslim communities—to negotiate the details of a settlement. An agreement would include concessions by Lebanese Christians to bolster the power of the prime minister and strengthen Muslim representation in parliament and the civil service. Also included would be implementation of existing agreements between the Lebanese government and the Palestinians.

While this broad outline appears feasible on the surface, the prospect appears bleak that Franjiah and Karami can come to terms on specific reforms and satisfy the demands of their constituents. The Syrians reportedly are prepared to guarantee the agreement on their own. The Christians, however, insist on a co-guarantor, such as France, Belgium, the Arab League, or preferably the UN. The Christians also want an outside force to maintain security until the Lebanese internal security forces can be strengthened to perform the job.

The terms of an agreement pose serious problems themselves, in addition to any specific reform proposals. While the plan offers some hope, the road to a final solution will be difficult, and any of the many problems could prove to be a fatal stumbling block [REDACTED]

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THAILAND

Growing discontent over the way the government of Prime Minister Khukrit is handling Thailand's economic and political problems is prompting the first serious challenge to his eight-month-old coalition.

Many army officers and other conservatives believe the Khukrit-led coalition has not dealt effectively with student demonstrations, strikes, and what many perceive to be a growing communist threat from Laos and Cambodia.

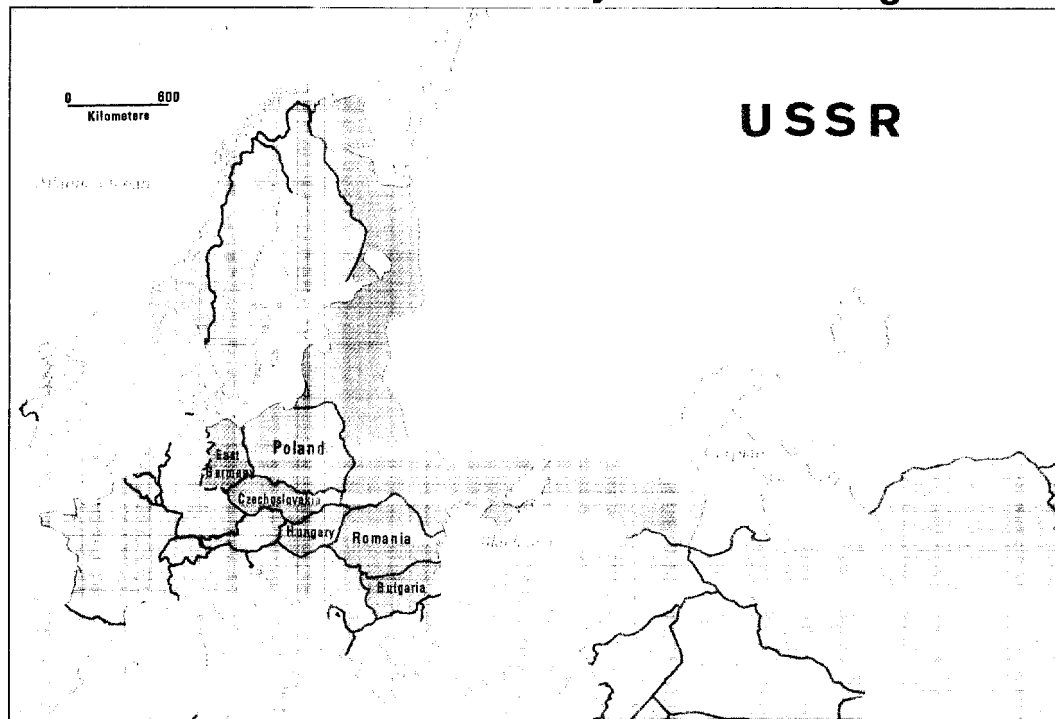
The opposition Democrat Party, the largest single party in the National Assembly, met on December 24. It condemned the Khukrit government for decisions contributing to the high cost of living and political unrest in southern Thailand. The Democrats agreed to meet on Tuesday to decide whether to press for a special session of parliament to vote on a no-confidence motion before the next regular session convenes on February 5.

How the Democrats vote should provide a good indication of the depth of the assembly's sentiment for a change in government. Most political parties have not yet recovered financially from last January's election, and Khukrit has effectively used the threat of calling for new elections as a means of keeping both his own coalition and the opposition in line.

The threat of a strike on January 2 by leaders of the Federation of Labor Unions of Thailand is adding to Khukrit's problems. Labor leaders are protesting the government's decision to raise the price of rice and sugar at the beginning of the new year—a move that in itself could precipitate a political crisis.

Unless Khukrit moves forcefully in dealing with the economic and political problems now facing him, it is clear that he will be faced with a major parliamentary challenge when the National Assembly convenes in early February, if not sooner.

Warsaw Pact Areas Affected by Notification Agreement



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WARSAW PACT

Warsaw Pact countries have conducted a number of large military exercises since the signing in August of the agreement at the Conference on Security and Cooperation in Europe. None of the exercises appeared to have required prior notification, as established by the Helsinki agreement.

The confidence-building measures reached at the conference provide for notification by each side prior to military maneuvers involving a troop strength greater than 25,000 and for an invitation to exchange observers at the exercises. The final agreement also includes a provision calling for voluntary notification of "smaller scale military maneuvers." In any case, the final agreement is a policy statement of intent and not a formal treaty binding under international law.

Although apparently none of the Warsaw Pact exercises exceeded the notification limit, several were good candidates for the discretionary notification.

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During late August, the East Germans held a field-training exercise involving parts of two divisions, which could have involved up to 18,000 troops. This was probably the largest of the maneuvers held since the conference. Two other exercises—one a combined Czechoslovakian-Hungarian-Soviet and the other East German—involved widespread geographic areas, although troop participation was an estimated 10,000.

There appears to be a trend in the Warsaw Pact during the last few years toward holding numerous small exercises. The last large Pact maneuver that received wide media coverage was "Shield 72." It was held in Czechoslovakia in September 1972 and involved some 50,000 to 60,000 troops.

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It is still too soon to judge the overall Warsaw Pact reaction to certain aspects of the confidence-building measures, such as the exchange of military observers. In mid-December, the chief of staff of the Hungarian army intimated that the Warsaw Pact was studying their military aspects.

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SPANISH SAHARA

Morocco is continuing to expand its control of northern Spanish Sahara.

On Sunday, a broadcast from Rabat announced that Spain has turned over the military air base and civilian airport at El Aaiun to Morocco. Madrid has all but completed its withdrawal of military and civilian personnel from the territory. The few remaining Spanish troops will leave by mid-January. A Spanish diplomatic mission will stay in El Aaiun, along with a small number of policemen to protect the mission.

Moroccan troops control most of the towns in the northern part of Spanish Sahara. Last week, the Moroccans took a group of journalists and press attaches on a tour of El Aaiun and two northern towns to demonstrate that the Moroccans control the area and to deflate claims to the contrary by the Polisario Front—the Saharan independence movement backed by Algeria.

So far, the Moroccans have not contested the Front's control of Mahbes, a town in the northeastern border area. Rabat probably wants to consolidate its grip elsewhere before risking Algerian military intervention by conducting operations close to the border.

In the southern border area, Mauritanian troops, reportedly aided by a Moroccan unit, have made headway against the Polisario guerrillas. After a week of fighting, the Front was dislodged on December 19 from the border town of Guera. The Mauritians are concerned about protecting the rail line that runs along the southern Saharan border.

Although unsuccessful in conventional fighting against Moroccan and Mauritanian forces, the Polisario guerrillas are still capable of carrying out harassing operations. On one occasion, the guerrillas machine-gunned the conveyor belt system that carries phosphate ore some 60 miles from Bu Craa to El Aaiun.

[REDACTED]

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On the political front, Morocco is trying to prevent a further deterioration of relations with Algeria over Spanish Sahara.

[REDACTED] Rabat's efforts are unlikely to make much headway in Algiers, given Algiers' continuing opposition to the Moroccan take-over in Sahara and its strong support of the Polisario Front.

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The prospect of prolonged tension over Spanish Sahara has been spurring Algeria to strengthen its military forces along its frontier with Morocco and the disputed territory. [REDACTED] the US consul in Oran reports a constant flow for the last three weeks of military convoys passing south through Bechar toward Tindouf, where Algeria maintains a military base.

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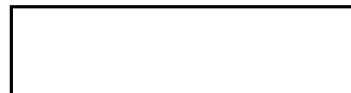
At this time, we doubt that Algeria is preparing for a direct assault on Morocco or an incursion into Spanish Sahara. Algiers' military moves still seem intended to strengthen its border defenses and exert psychological pressure on Rabat while continuing to provide material support to the Polisario insurgency. An Algerian official recently said that unless Rabat tries to close infiltration routes into Spanish Sahara, he did not expect a clash between Moroccan and Algerian forces. [REDACTED]

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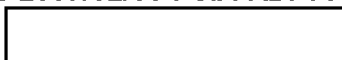
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CYPRUS

UN Secretary General Waldheim's efforts to reactivate the moribund Cypriot intercommunal talks have hit a snag, mainly over procedural differences between Greek and Turkish Cypriots. If not resolved soon, these differences could delay the resumption of the talks, which Waldheim prefers to convene in mid-January because of other commitments later in the month.

The current effort to resume the talks came out of the meeting between Greek Foreign Minister Bitsios and Turkish Foreign Minister Caglayangil in Brussels on December 12. The two reportedly agreed that the talks should be resumed under Waldheim's auspices, with the aim of arriving at a package deal covering all aspects of the Cyprus problem, including the crucial territorial question on which the Greek side is prepared to make the first proposal. They called on Waldheim to set a time and venue for the talks in consultation with the interested parties, including the Greek and Turkish Cypriots.

Waldheim envisages a marathon negotiating session in New York, commencing on January 15 and lasting as long as two weeks, with Greek Cypriot negotiator Clerides and Turkish Cypriot negotiator Denktash. Waldheim hopes to work out the basic principles of a settlement with the negotiators, following which the talks would be shifted to another site where Clerides and Denktash would settle the details under the auspices of UN special envoy to Cyprus Perez de Cuellar.

Thus far, the Greeks and Greek Cypriots seem willing to go along with Waldheim's plan, provided any follow-up sessions are held outside Cyprus. The Greek Cypriots, however, are insisting that the talks be linked to this year's General Assembly resolution, which favors their case.

For their part, the Turkish Cypriots have rejected any such linkage. They are expressing strong opposition to New York as a meeting place, and say that any subsequent sessions should be held in Nicosia.

Much will now depend on whether Athens and Ankara are willing to play a positive role behind the scenes and exert pressure on their respective Cypriot counterparts to resolve differences and get on with the talks. But even if these most recent procedural objections are overcome—which seems likely—Turkish Cypriot leader Denktash's recent claim that only minor territorial adjustments will be made indicates that the two sides are still far apart on substance.

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INDONESIA

International reaction to Indonesia's intervention in Portuguese Timor continues to trouble Jakarta, but the Suharto government is confident that the problem is manageable.

The UN Security Council resolution of December 22 was little more than a slap on the wrist, and the Indonesian ambassador at the UN indicated in advance that Jakarta could live with the wording. Indonesia subsequently made a pro forma official statement regretting the UN action, but welcoming UN participation in settling the Timor issue. Jakarta is still taking a very cooperative public position while working behind the scenes to postpone implementation of the fact-finding mission called for in the resolution.

Jakarta insists that all outside parties, including the UN, must work through the new provisional Timorese government set up in Dili on December 19. Dili has publicly told the UN it must delay sending representatives until their physical safety can be guaranteed. Once the Indonesian forces have full control over the handful of important Timorese towns, a carefully escorted UN team could be allowed to go through the motions of a fact-finding visit.

The new regime has made a public appeal for Indonesian military, political, and economic assistance, giving Jakarta a nominal legal basis for publicly admitting its presence in Timor any time it chooses. Indonesia still maintains that only "volunteers" are fighting in Timor.

The most critical factor for Jakarta in limiting international interest in Timor is how fast Indonesian forces can suppress lingering Fretilin resistance. The longer the fighting continues, the greater the likelihood Fretilin leaders overseas will be able to obtain public support from third world countries. Thus far, few governments have paid more than lip-service to Fretilin's cause, but this could change if Fretilin can keep forces in the fight.

Two self-styled ministers of the Fretilin "government" are in Peking, evidently seeking Chinese recognition. The Chinese have, in fact, gradually intensified their verbal support for Fretilin, but have stopped short of formally recognizing the rebel government. At a reception for the visiting officials, Foreign Minister Chiao Kuan-hua for the first time declared the Chinese government's condemnation of the Indonesian invasion and implied its support for the Fretilin government.

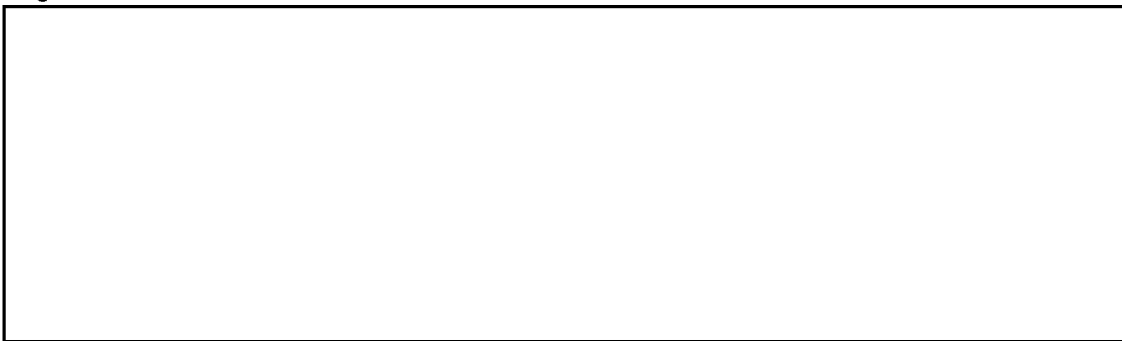
Chinese leaders apparently recognize that Jakarta is not now in any mood to improve relations with Peking and that support of Fretilin at the current level is not

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apt to upset seriously prospects for eventual improvement in Sino-Indonesian relations. More important, the Chinese almost certainly view support for Fretilin as a contribution to their claim to third world leadership, especially when compared with Moscow's relative silence on the Timor question.

Jakarta is still fairly relaxed about international reaction, especially from its important neighbors in the region. A significant exception is President Suharto's anger at Singapore for abstaining on the UN General Assembly resolution criticizing Indonesia; other partners in the Association of Southeast Asian Nations voted against the resolution.



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Another potential problem area for Jakarta is its relations with Canberra. Indonesia was willing to disregard Australia's unfavorable General Assembly vote, believing it was directed at a domestic audience during a national election campaign. Jakarta, however, is certain to resent Foreign Minister Peacock's continuing strong statements against Indonesian actions in Timor.

Australian public reaction is, in fact, heating up and forcing the government to take a strong public stance. Close relations with Indonesia, however, are as fundamental to the Southeast Asian policy of the new Liberal-Country government as they were for the previous Labor regime, and Prime Minister Fraser will doubtless work privately to minimize the strain.

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MALAYSIA

Prime Minister Razak's trip to Europe for medical treatment has prompted speculation that he may have to step down.

Kuala Lumpur made only a perfunctory announcement on the 53-year-old Prime Minister's departure two weeks ago, and it has released no information on his whereabouts or condition since then.

A government spokesman has stated privately that Razak will be away until late February. We have no clear evidence of the Prime Minister's current condition.

[REDACTED]

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Rumors concerning Razak's health have already triggered some maneuvering by would-be successors. Razak has dominated the Malaysian political scene since the serious communal rioting of 1969, and no consensus on a line of succession has developed within the politically dominant United Malays National Organization. Deputy Prime Minister Hussein—himself in poor health—may have to resign.

Leaders of the large Chinese minority are concerned that any successor would be more of a Malay chauvinist than Razak. Razak has been identified with the government's moderate policies, which have kept racial tensions in check, and his departure from politics may well lead to heightened communal tensions.

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VIETNAM-USSR

Major Vietnamese efforts to obtain economic assistance and to expand trade with the USSR appear to be bearing fruit.

Moscow agreed in late October to provide technical assistance and long-term loans to Hanoi on a most-favored-nation basis for five years. The official announcement indicated that the Soviets would coordinate their aid with Vietnamese economic plans in the future and suggested that Vietnam might draw closer to the Soviet-sponsored CEMA. The five-year agreement, while apparently containing no grants, will facilitate Hanoi's long-range economic planning.



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Throughout the war, the Vietnamese carefully balanced their relations with Moscow and with Peking. Recently, however, they have leaned toward Moscow on several issues. For example, the joint communique following the October agreement contained Vietnam's strongest endorsement of Soviet detente policies to date. The agreement's long-term provisions suggest that Hanoi could support Moscow on other foreign policy issues. Reports indicate that the Soviets, through Hanoi's good offices, have increased their influence in Laos.

This warming relationship with Moscow has come at a time of apparent cooling between Hanoi and Peking. In late September, the Vietnamese and Chinese concluded a one-year economic agreement with no grant aid. Their failure to issue a joint communique was a break with custom and indicated negotiations were not smooth. The Chinese also brought up the issue of sovereignty over the Paracel and Spratly islands just prior to the economic negotiations.

Hanoi reportedly believes Moscow has more to contribute and is less capable of directly influencing affairs in Indochina. The Vietnamese perceive China as a more direct rival for regional influence, a view reinforced by Peking's position in Phnom Penh.

Nevertheless, the Vietnamese want neither to lose Chinese aid nor to provoke China. Therefore, Hanoi will probably not let relations deteriorate to a dangerous level.

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CUBA

Fidel Castro has emerged from last week's Cuban Communist Party congress with a stronger political structure and a leadership more unified than ever before. Although some movement was made to include new faces at the highest level of the party, Castro clearly still looks to his former guerrilla comrades as his primary source of support.

Although 13 Central Committee members were removed and 35 others added, more than two thirds of the group still comes from the "guerrilla elite"—those among the leadership who fought under Fidel Castro during the revolution in the late 1950s or joined forces with him shortly thereafter. Most have a military background; some are currently in the military or security services; and others have retired from the military establishment to assume high political or administrative posts.

Three members of the pre-Castro Communist Party were removed while five were added. Although the "old" communist faction has increased its total membership, because of the Central Committee's expansion, it has barely managed to maintain its relative strength. It did, however, gain three seats on the 11-man Political Bureau, where previously it had had no representation at all. As the most pro-Moscow force in the leadership, the faction was expected to improve its position in recognition of the increased responsibilities it had borne since 1970.

An increase in the number of women on the Central Committee had been anticipated, in view of Castro's strong endorsement of women's rights over the past year and his criticism that women did not have adequate representation in the party. Only two were added, however, and one was dropped, leaving women with 6 of the 112 seats.

The elevation of some of the new members to the Central Committee appears to have been based on nonpolitical criteria. A top sugar expert, a long-standing "hero of socialist labor," and Cuba's most noted poet gained seats. Others have been pulled from virtual obscurity. One, for example, was previously noted only as the administrator of a cookie factory. In short, the political composition of the party remains virtually unchanged.

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LATIN AMERICA - ANGOLA

Latin American reaction to Cuban involvement in Angola has been mixed and for the most part relatively muted. Leftist governments are giving mild support to the Popular Movement for the Liberation of Angola.

Some moderate countries like Colombia and Venezuela, which have recently normalized relations with Cuba, have found the Cuban actions somewhat embarrassing. Right-wing governments have responded with predictable denunciations of Cuba, and Brazil's early recognition of the Popular Movement placed Foreign Minister Silveira in a politically awkward position.

The Colombian press has criticized Cuba's intervention in Angola, but government leaders who worked to remove the divisive Cuba issue from inter-American politics are loath to see it reintroduced. They see the Soviet role in Angola as the real issue, with the Cubans, as clients, acting only as the Soviets bid them.

The Venezuelan government is reported to be following the Angola situation closely. Some officials in Caracas are said to feel that US prestige requires a firm stand to prevent the fall of Angola into the Soviet camp. Some Venezuelan military officers are concerned that if the Cubans are able to act with impunity in Angola, Havana will be encouraged to resume revolutionary activity in Latin America.

Leaders of Chile and Uruguay see the Cuba-Angola connection as clear proof of their repeated claims of Cuba's continuing subversive policies. Their distrust of the Soviets and of detente, already strong, has been strengthened.

The Brazilian Foreign Ministry has been under strong attack by the country's prestigious, conservative press for the quick recognition of the Popular Movement regime in Angola. The ministry has been forced to deny that President Geisel was displeased over the handling of Angolan policy.

The departure of the Brazilian special representative from Luanda—officially for reasons of health—has fueled speculation that Geisel is reconsidering Brazil's position on Angola. The press continues to intimate that Foreign Minister Silveira is in trouble with the President over Angola, and there are signs that influential military conservatives are displeased with Silveira.

The Peruvians have so far stuck with the nonaligned declaration, which was silent on Soviet and Cuban activity in Angola but criticized South African

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aggression. Guyana seems inclined to recognize the Popular Movement, but may wait to follow the lead of the Organization of African Unity. [REDACTED]

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In Jamaica, Prime Minister Manley recently received a Popular Movement delegation. He is considering their request for technical help in livestock development and health. [REDACTED]

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ICELAND-UK

On Sunday an Icelandic coast guard vessel reported it had been rammed by a British frigate well within Iceland's unilaterally declared 200-mile fishing zone, thus ending the two-week lull in the dispute between Iceland and Britain over fishing rights.

London called the collision an accident while Reykjavik claimed the incident was a carefully planned attack. This ramming is the first such incident since December 11, when a similar episode prompted an Icelandic complaint to the UN Security Council.

Responding to a letter from British Prime Minister Wilson, Icelandic Prime Minister Hallgrimsson on December 24 merely reiterated Reykjavik's positions and renewed old threats. Hallgrimsson warned that the continued presence of British frigates could jeopardize Iceland's membership in NATO. In the letter, Wilson had renewed the UK's offer to resume negotiations if Iceland would stop harassing British trawlers. [REDACTED]

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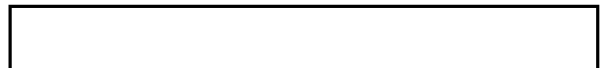
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